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MARYLAND'S SMART GROWTH INITIATIVE URBAN REVITALIZATION AND THE BAY

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BACKGROUND

Building on a foundation of land-use law dating back 30 years, the State of Maryland began in 1997 to recast the policy framework for development decisions with a series of laws aimed at spurring reinvestment in older communities, preserving agriculture and natural resources, and making more efficient use of limited State funds for highways, sewer systems, and other growth-related needs.

Maryland's Smart Growth initiative seeks to balance economic development and environmental protection, using the State budget to encourage more sustainable development patterns and new approaches to community design that enhance quality of life. The driving force comes from incentives, rather than regulation. While many states have relied on restrictions and mandates to try to redirect development patterns, Smart Growth focuses on government spending on infrastructure, economic development and other growth-related needs, placing a geographic overlay on these decisions.

Today, state resources are targeted exclusively at Priority Funding Areas, or PFAs, which include every municipality, all of the land inside the Baltimore and Washington beltways, and other areas the counties have designated for growth. The latter must meet requirements related to density, water and sewer service and county growth projections. While nothing in the law prohibits development outside PFAs, such projects are no longer eligible for state support to fill the infrastructure and service needs they create. The basic premise behind this program is that where the State spends its money has enormous influence.

Along with actively encouraging growth in and around established communities, Smart Growth has responded to mounting development pressure on Maryland's farmland and natural areas with renewed energy and commitment to land preservation. The State has a 30-year tradition of protecting open space, but those efforts became more aggressive and strategic with the adoption of the Rural Legacy program under Smart Growth.

Working with willing landowners and non-profit land trusts – and with the approval of local governments – Rural Legacy sponsors compete for State funds available to purchase development rights on properties rich in agricultural, historic, and natural resources. In addition to protecting wildlife habitat, drinking water supplies, wetlands and waterways, the goal is to assure the viability of farming, forestry, and other rural resource-based industries. In 2001, the state adopted another new program, called GreenPrint, which marries the big-picture goals under Rural Legacy with a focus on protecting Maryland's "green infrastructure," made up of the most ecologically important land.

A TWO-TIERED FOCUS

This two-tiered focus on land preservation and community revitalization provides the foundation for a wide variety of programs administered by more than a dozen state agencies. Both goals are fundamental to Maryland's efforts to restore and protect the Chesapeake Bay.

In fact, one of the primary drivers of the legislation passed in 1997 was the recognition that land-use reforms were critical to these efforts. Among the many sources of nutrients that are polluting the Bay, urban runoff is one of the few that has grown substantially in its contributions of nitrogen and phosphorous. There's a simple reason: Developed land has increased at more than three times the rate of population growth in Maryland over the last 30 years.

Smart Growth already has produced results, most notably in land preservation. In the six years since the initiative was adopted, Maryland has put more than 270,000 acres of open space off limits to development – nearly a quarter of all the land protected today. But while this progress has been easy to quantify and receives a lot of attention in the press, the State's incentive-driven revitalization efforts are beginning to produce success stories as well. After 50 years of sprawl, many older cities and towns that had been losing population – and tax base – to new suburbs appear to be on the mend.

Nowhere is there more at stake – for the long-term health of the Bay and the state overall – than in Baltimore City. On that count, the redevelopment waves that are rippling out from scattered pockets of the downtown area are heartening. This historic industrial and port city, which lost about one-third of its population over the last 50 years, still is covered with blocks of boarded up homes and commercial buildings. But, little by little, large-scale renovation projects and new construction are beginning to transform neighborhoods, often in parts of the city that missed out on past renewal efforts.

The Smart Growth incentives that are being employed by developers run the gamut – from tax credits for job creation and the rehabilitation of historic buildings to neighborhood business loans, brownfields cleanup assistance and broad-based revitalization grants. By pooling these state incentives, developers have been able to make projects financially feasible in areas that they avoided in the past because of the high costs and risks involved.

Together, these tools are having an enormous economic impact, thanks largely to the catalytic effect of large projects. In just the last few years, developers have invested upwards of $260 million to restore and reuse boarded-up commercial buildings in Baltimore, with the historic preservation tax credit as a key source of support. In some cases, a single project has provided the psychological boost and momentum needed to rejuvenate an entire neighborhood.

Montgomery Park, Tide Point, and the Can Company are prime examples. These three high-profile commercial rehab projects combined have brought nearly 3,000 jobs to formerly abandoned buildings. The Can Company, located in the Canton community on the eastside of the Baltimore Harbor, was completed in the late 1990s and therefore has the longest track record. The effects of this project, which transformed an abandoned can factory into a thriving retail, restaurant and office complex, are still playing out today.

In Canton, the median home price nearly doubled in the three years after the Can Co. rehab was completed. Several major mixed-use and high-density residential projects have followed, and individual homes are being renovated on virtually every block. The redevelopment boom has been so strong it is spilling into neighboring Patterson Park, a formerly “at risk” community where the median home price jumped from $60,000 to $103,000 during the same three-year period.

Tide Point, which now houses more than 1,000 jobs, many of them high-tech and high-wage, has had a similar impact on Locust Point, a working class community where the median home price shot up 44% in just one year, from 2000 to 2001. While it’s too early to gauge the impact of Montgomery Park, a former catalog warehouse that recently reopened as a business park on the city’s western edge, it already is filled with over 1,000 workers and this year could have 600 more when a call center company finishes moving into the building. Businesses and residents in the surrounding neighborhoods expect the $100 million-plus redevelopment project to help rejuvenate the entire area.

Baltimore’s Westside Renaissance area offers yet another example of Smart Growth at work in Maryland’s largest city. After decades of abandonment and decay, there are promising signs of a true renaissance in this neighborhood, with several large historic rehab projects completed or under construction, as well as other major development by the University of Maryland, Baltimore. The turnaround began with the Atrium, a 1924 Hecht Co. department store that was converted into a 173-unit apartment building in 2001. Then came the renovation of the stately Congress Hotel into apartments and commercial space and the conversion of the former Stewart’s department store into an office building. Last summer, Bank of America started a $70 million project called Centerpoint, which will put nearly 400 apartments, street-level shops and restaurants on a block that is mostly boarded up today. Across the street, the long-shuttered Hippodrome Theater is being redeveloped as a state-of-the-art performing arts center.

These and other revitalization efforts have created new momentum for Baltimore, and recent census estimates indicate that the City’s steep population decline may be coming to an end. Given the city’s extensive capacity to absorb growth in the region – it has lost about 300,000 residents since 1950 – its rebirth is critical. The more people and construction the state is able to lure back into this and other urban centers, the less development pressure there will be on green space.

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